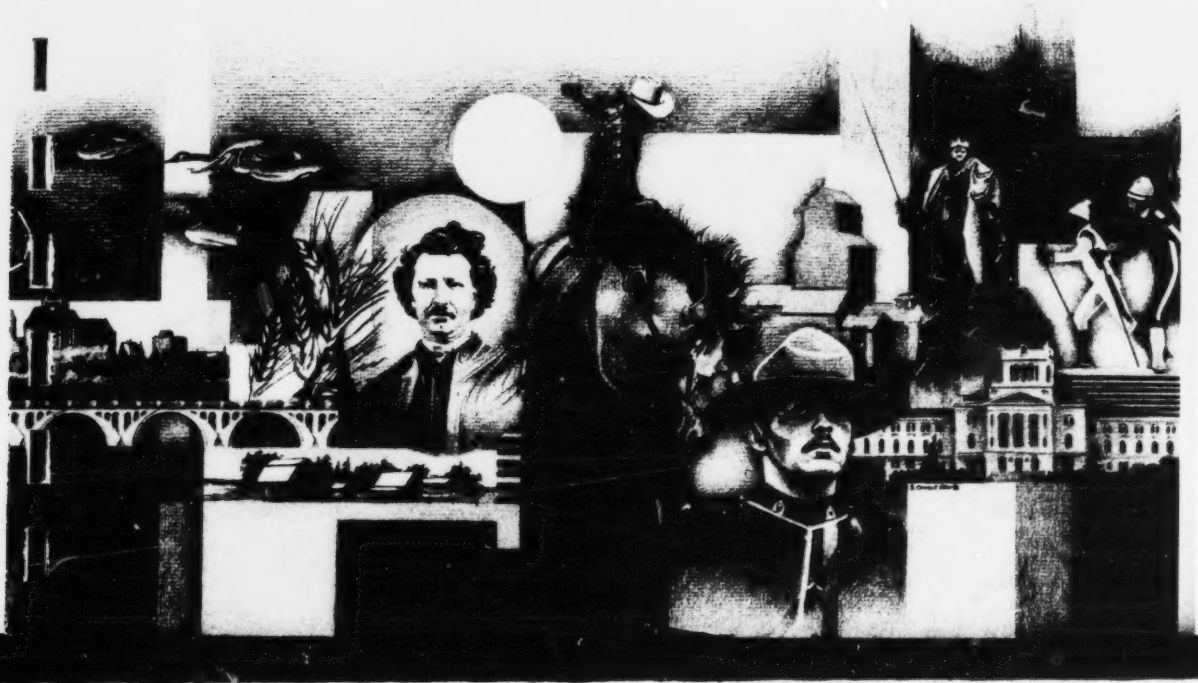
Saskatchewan
Tourism and
Small Business

Tourism Business Development Guide

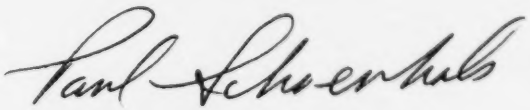


Minister's Message

Development of a tourism business involves more than just a good idea. You go from there to planning, approvals from government, financing, employee training, construction and marketing. Development is in short a process, a process which must be undertaken in a logical, common-sense manner.

Our department has prepared this guide to help you understand that process as it applies to tourism. You'll find this guide useful whether you're proposing a large-scale operation or a smaller business. The process is still the same.

Tourism is a vital industry to Saskatchewan. It's an industry which enjoys widespread support and assistance from all levels of government. By fully understanding the tourism development process, you increase both the viability of your proposal and the chances that you will be part of this dynamic, growing industry.



Paul Schoenhals
Minister of
Tourism and Small Business

Table of Contents

Page

Introduction 1

Chapter One
What's Different About the Tourism Industry? 2

Chapter Two
Defining the Project: Markets, Resources and Development 4

Chapter Three
Defining the Project: Economic Feasibility 7

Chapter Four
Defining the Project: Development Approvals 12

Chapter Five
Steps in the Development Process 14

Chapter Six
Municipal Planning Considerations 18

Chapter Seven
Subdivision Approval and Servicing Agreements 22

Chapter Eight
Environmental and Resource Considerations 26

Chapter Nine
Public Health, Servicing, Liquor Licensing and Access 30

Chapter Ten
Special Cases: Crown Lands or Provincial Parks 32

Chapter Eleven
Summary 35

Recommended Reading 36

Introduction

This handbook on the process of tourism business development in Saskatchewan is intended to assist individuals and groups looking at the tourism industry for the first time, experienced business people considering an investment in the industry, or advisors at all levels whose work involves tourism development in some way.

Saskatchewan Tourism and Small Business has the mandate to promote and enhance the development of the tourism industry in Saskatchewan. The Department has prepared this handbook to present, in one document, the key components involved in developing a tourism operation. **The handbook will assist potential developers to plan, obtain financing, receive approvals for and develop a successful tourism project in Saskatchewan.**

Some topics covered in this handbook are common to other types of business. Others are unique to the nature and requirements of the tourism industry. Major sections will assist in understanding:

- what things make tourism an industry different from other types of business;
- which aspects of a proposed development should be defined early in the process and modified as more information is obtained;
- which resources (including funding assistance, counselling, and reference material) are available to potential developers; and
- which steps a potential developer may have to follow as the proposed project passes through the development process.

No booklet can answer all questions nor cover all issues which developers may confront. However, Saskatchewan Tourism and Small Business intends that this booklet provide a clear introduction and framework to what is involved in developing a successful tourism operation.

Chapter One

What's Different About the Tourism Industry?

Tourism is the business of attracting and servicing the needs of visitors - individuals, groups or families travelling some distance from home, be it for business or pleasure. While only those businesses which derive a majority of their sales from visitors are considered tourism industry businesses, most other businesses sell goods or services to visitors, and therefore tourism has an important impact on the general economy.

Like any business, **a successful tourism operation depends upon strong management, good employees, and its ability to serve the market.** It is especially true for tourism operations that visitors have high expectations for the quality of the personal service which they receive. Therefore, successful tourism businesses must pay close attention to customer satisfaction. Courtesy, service and genuine thoughtfulness are noticed and appreciated by visitors.

For successful tourism operations, this emphasis on pleasing the customer extends to providing those extra services like assisting guests with general information or with emergency situations such as illness or automobile repairs, while maintaining an overall atmosphere which makes people feel comfortable and that they are "guests".

Creating a comfortable holiday atmosphere should be a primary consideration in planning the development, and in the selection and training of employees. It is a key to ensuring positive "word of mouth" advertising by satisfied customers, and thus achieving a high percentage of return business. Many successful tourism businesses welcome back the same families and groups year after year.

Past experience with tourism businesses in Saskatchewan indicates that:

- strong "hands-on" management is essential to running an efficient operation that enjoys high customer satisfaction;
- tourism operations must look beyond the "peak" summer tourist season of late June to late August to justify large capital investments;
- **developments which proceed without a clear and realistic plan for attracting specific, targeted markets can get into financial trouble very quickly**; and
- a frequent cause of business failure is the lack of adequate working capital to sustain a business through poor market conditions, or to cover unexpected costs.

Private lenders, outside investors, and government funding agencies view most proposed tourism developments as high-risk ventures. **They require a clear indication of the viability of such an enterprise, and the managerial and financial capability of its proposed developers.**

It is important that potential developers obtain a clear picture of the ways by which financing can be secured, and at which stage of planning the development this should be done. Saskatchewan Tourism and Small Business has published a guide to **Starting a Business in Saskatchewan**, and its chapter on financing provides advice on these and other matters related to financing a business. It should be referred to along with this handbook.

The Government of Saskatchewan, in concert with the federal and municipal governments, has identified the tourism industry as a prime sector for contributing to economic growth because:

- the tourism industry has continued to grow in Canada and many parts of the world;
- it is "labour intensive", effective in creating permanent and seasonal employment;
- potential opportunities for development of tourism operations have already been identified in many areas of the province; and
- the benefits of a strong tourism industry extend throughout the economy of Saskatchewan.

As a result, more assistance is available to individuals, groups, and businesses looking at development opportunities than ever before, in the form of counselling (from early stages of planning through the first few years of operation) and innovative approaches to financial "packaging" of tourism developments.

Chapter Two

Defining the Project: Markets, Resources and Development

Experience has shown that well-planned and clearly defined tourism developments have a greater chance of business success. At the outset, a developer should prepare a definition of the proposed development which sets out its market, physical requirements, and financial aspects in a clear and comprehensive way. It can then be modified as more information becomes available over time.

It is also important to anticipate:

- the types of government approvals which will be required;
- the information needed to obtain these approvals;
- the sequence in which approvals will take place; and
- **a realistic time frame** over which the approvals process is likely to occur.

Saskatchewan Tourism and Small Business can advise developers in moving projects through the approvals process.

A First Look at the Market

Developers are advised to begin the overall project description by identifying the markets which they will seek to attract, and the existing and planned competition in relation to these markets. While a more detailed market analysis is suggested later, **this first look at market demand and supply factors will serve to identify the types of facilities and services which the development should offer**. If preliminary market information is not positive, a rethinking of the development may be required.

Preliminary Resource Analysis

Many tourism developments depend on the recreational use of natural resources to attract visitors. Fishing and hunting depend on the proven presence of a sustained resource base. If the success of a tourist enterprise depends on such resource-based activities, then **it is essential to obtain, at least on a preliminary basis, an evaluation of the quality and long-term supply of the resource.** This is a critical first step in defining the project.

Physical Characteristics: The Development Program

Once the preliminary market and resource analysis has been completed, the next step is to **prepare the physical development program**. This involves identifying all the components needed to accommodate the business being proposed and relating them to the site which has been tentatively selected. This planning process will help to ensure that sufficient land has been identified for the development. Also, the development program is the basis for cost estimates needed for the feasibility analysis discussed in the next chapter.

If the project is a major one, it may be advisable to obtain the services of a professional consultant for concept plans of buildings, facilities, and site development along with development costs. At this stage, it is also wise to look ahead to see what effect various government regulations will have on the proposed project.

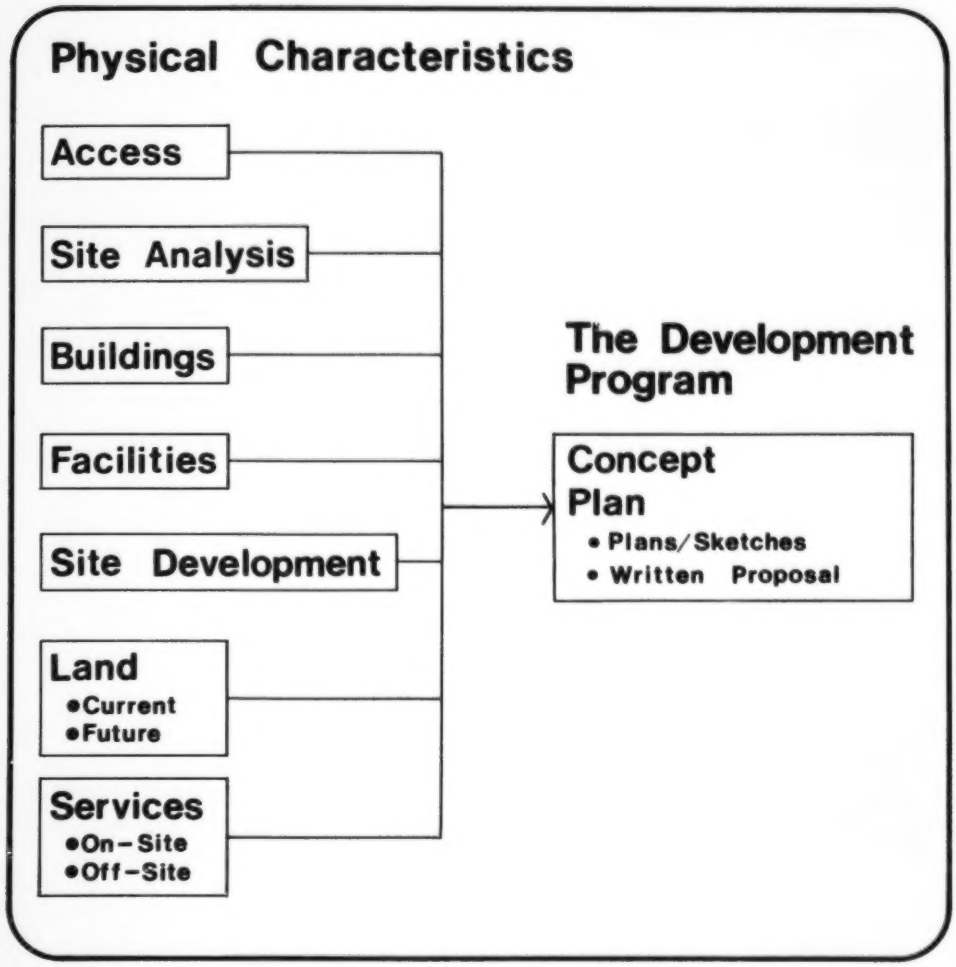
The components to be considered are:

- analysis of the site: soils, slopes, drainage, tree cover, views, shoreline conditions, easements, etc.;
- building requirements: type, size, function, cost;
- facilities needed: marinas, boat launches, recreation facilities, accommodation, etc.;
- site development: clearing, grading, roads and parking, landscape development;
- land requirements: initial stages of development as well as future expansion requirements; and
- servicing and utilities: water supply, liquid waste disposal, solid waste disposal, power, telephone and gas.

Water supply is often one of the most critical aspects of a successful tourism business. A lakeside location may not be a guarantee of an ample water supply if the quality is unsuitable, if existing users have prior claim, or if the lake is small. Treating surface or groundwater to bring it to acceptable standards may be a costly proposition. Therefore, some attention must be given to water supply at the outset, including the possibility of test drilling for new sources.

Both off-site and on-site services should be considered in planning the project. For example, if electric power is not available, the cost of extending power lines can add significantly to the cost of the development.

As these steps are completed a clearer picture will emerge in conceptual form of the size, layout and costs of the development being considered. Development and maintenance costs will be especially useful in the next step, **feasibility analysis**. The concept plans will also be very useful for clearly presenting the proposal to referral, regulatory and funding agencies. Concept plans are a valuable tool for facilitating the development process.



Chapter Three

Defining the Project: Economic Feasibility

It is often at this stage that a developer of a major facility will engage an outside consultant to study the economic feasibility of a proposed tourism development. Partial government funding assistance for a study under certain provincial and federal programs may be available, should a preliminary review of the concept plans indicate that the proposed development merits further study.

Often, the potential developer of a smaller project will not require such consulting assistance, but should still carry out even a brief analysis, using the three steps which are outlined below.

Saskatchewan Tourism and Small Business can, upon request, advise potential developers about:

- determining sources of funding for a study;
- drafting the terms of reference and other written terms and conditions governing a study;
- selecting a small number of consultants to prepare formal written proposals;
- choosing a consultant; and
- reviewing the consultant's work to ensure that the developer's objectives have been met.

Generally, an economic feasibility study is carried out in three separate steps: market analysis, financial analysis and the business plan.

Market Analysis

The market analysis looks, in detail, at the present and anticipated competition for the proposed development. It also identifies the important **segments of the market**, the total **market demand** which the development will seek to attract, and the **market share** which the development could capture in relation to its competitors.

The following points should be stressed when the market analysis is carried out:

- examine the segments of the market in detail which have special potential because of the development's location and the type of facilities and activities planned;
- break down the market by geographic origin, type of facilities and activities sought (for example, groups attending meetings as opposed to family vacation parties);
- identify special market segments (such as the growing bus tour market);
- determine demand by projecting room occupancy rates, room revenues, food and beverage sales, and other types of revenues (such as meeting rooms and boat rentals);
- lay out a **marketing plan** which would include a detailed strategy and checklist to maximize revenues year-round, to most effectively spend advertising and promotion dollars, and to "piggyback" onto existing marketing and promotion programs within the industry and within the region.

In other words, the analysis should identify who these market groups are, how many of them there are, where they came from, and what they want to do.

Remember the basic principle that **marketing is an active, not passive, function of a successful tourism operation**. This principle should guide the developer at all times.

Financial Analysis

The financial analysis will generally proceed as follows:

- as a result of the completed definition of the project's physical characteristics, **estimate the total capital costs for development**. For many projects this may include land acquisition, site preparation, servicing, landscaping, construction, furnishings, fixtures and equipment, as well as related engineering and other services;
- **estimate the cash flow and determine the working capital required** (a "rule of thumb" in the industry is that a new operation should have working capital equal to six months projected expenses);
- **break down how the development may be financed**: owners' equity, outside equity, government grants and loans, and loans from banks and other private lenders;

- **prepare pro forma income statements** projecting a list of accounts for the development's first three to five years of operation, showing projected revenues and expenditures in appropriate "departments" (such as rooms, food and beverage, meeting facilities, equipment rentals), and including provision for interest expenses, depreciation and central overhead (such as management, maintenance, and insurance);
- **compare the development's operating results** to those of similar existing operations and those of the industry in general; and
- **examine the rate of return** on investment and operating margins (revenues/ expenditures) for each department; determine whether the proposed development is worth pursuing further and, if so, if a different financial package (such as increased equity) would lead to better results.

A Business Plan

This is a "roadmap" which will guide the developer from the time that the initial economic feasibility study has been completed through to the first years of operation. It should include:

- **pro forma cash flow statements** and **balance sheets** in the case of major developments (see **Starting a Business in Saskatchewan** for examples of pro forma statements);
- a **management plan**, which will set out the organizational form and structure which the development will adopt;
- a **staffing plan**, based upon detailed staff requirements, and training activities required prior to the commencement of operations; and
- a **project schedule** covering government approvals, financial packaging, construction, and preparation time before the development opens its doors.

A business plan can be an effective tool only if it is based on cautious economic analysis, realistic use of information obtained, and if it is updated regularly as additional information becomes available and conditions change. For example, the business plan should reflect prevailing interest rates.

The success of a proposed tourism development will depend on effectively penetrating available markets, sound financing and strong financial control, and the development of a good management and employee team.

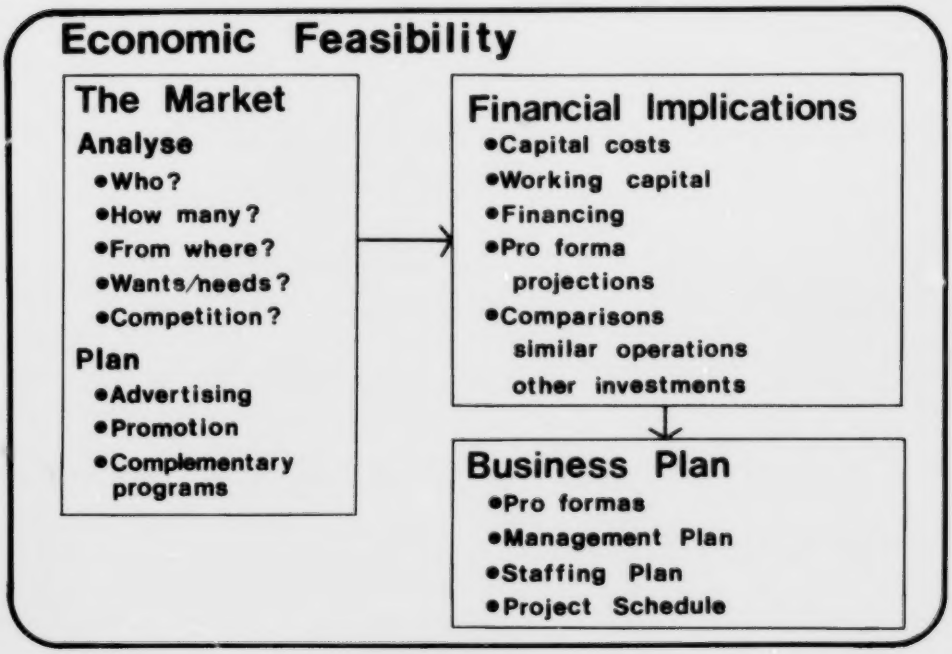
The importance of analyzing the financial feasibility of a tourism development holds true for small projects, such as seasonal retail businesses, as well as for large projects, such as year round resorts. While the analysis will be more detailed and take more time for a large development, the areas which should be covered and the value of the results will be the same, no matter what the size of the project.

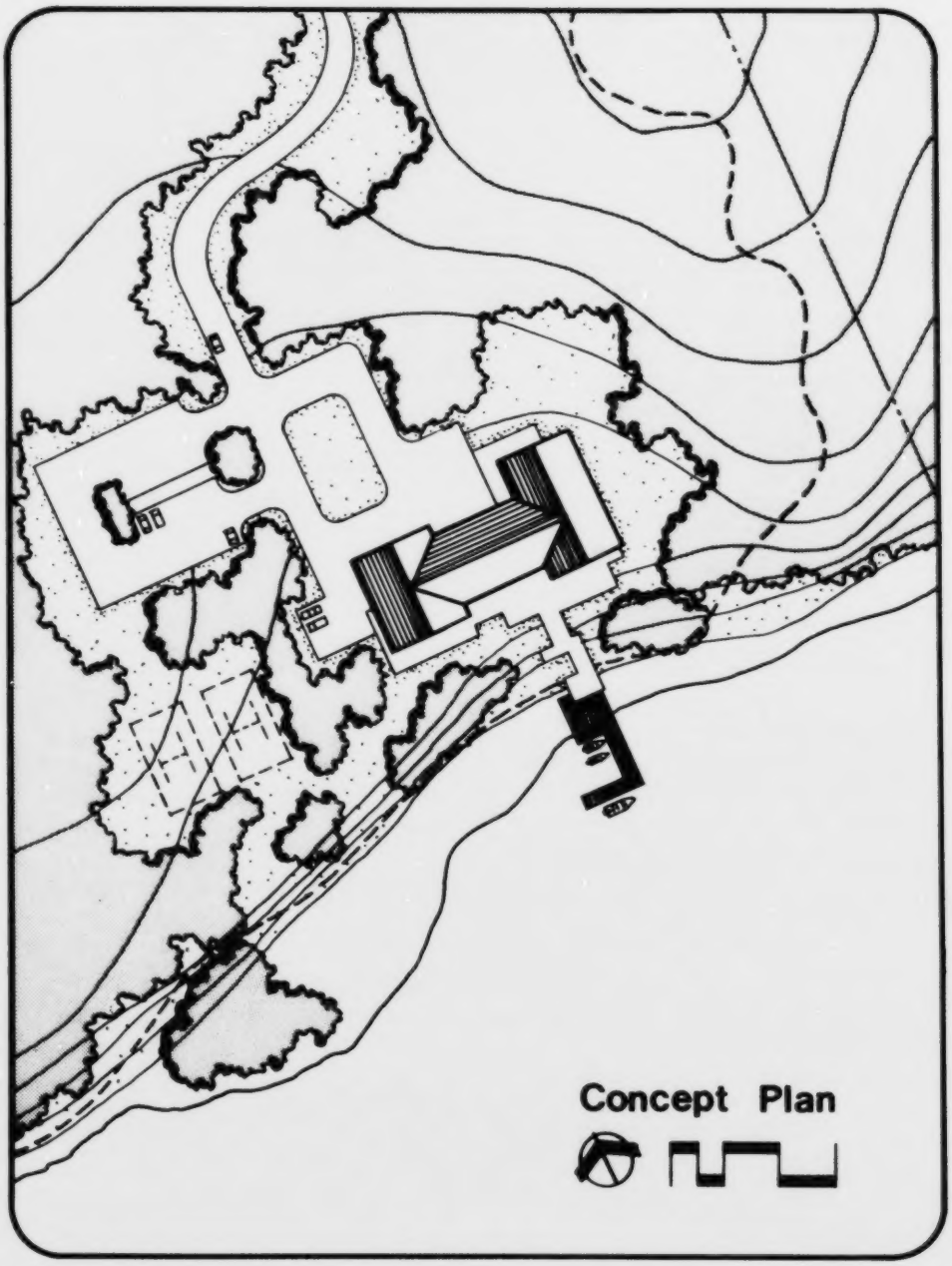
At the end of this handbook is a list of several recommended reference sources on tourism market and feasibility analysis as well as business plans. They provide more detailed information with which potential tourism developers should become familiar.

At this stage, **the developer will have a well defined picture of the proposed development**. The steps which will have been undertaken include:

- preliminary market evaluation,
- preliminary resource analysis,
- physical development program and concept plan,
- anticipated approvals, and
- economic feasibility analysis, including a market analysis, financial analysis, and business plan.

Having successfully come this far, the developer will be well equipped to move forward in the development process, through the approvals phase, followed by construction and development and on to the ultimate goal - opening the doors of a viable, exciting and rewarding tourism business.




Concept Plan

Chapter Four

Defining the Project: Development Approvals

By their very nature, many tourism projects, **no matter what their size**, are affected by a number and variety of government policies, guidelines and regulatory procedures. There are good reasons why this is the case. Tourism developments such as resorts or lodges are often based on the recreational use of natural resources such as scenery, fisheries and wildlife. The use of fisheries and wildlife is managed through a number of regulations and programs, which in turn may affect the viability of the tourist operation.

Many tourism businesses, whether large or small, need or seek out a location near water bodies. Lakeshore or riverbank areas generally are affected by policies and regulations designed to protect water quality and fish habitat, as well as to avoid environmental problems of erosion, slumping or flooding resulting from unwise shoreline development. Consequently, environmental impacts must be considered.

Those tourism operations which provide food and accommodation are in a business strongly affected by public health and liquor licensing regulations.

Those tourism businesses developing outside of serviced urban areas will probably find it necessary to provide their own water supply and waste disposal systems. Not only will this situation affect capital and operating costs, the would-be tourism operator will be dealing with an additional set of processes and regulations designed to ensure a safe and adequate water supply and environmentally suitable waste disposal.

Some tourism developments find it desirable to be located in relatively undeveloped areas. This may require entering into formal servicing or development agreements with the appropriate level of government to ensure that roads or other services are extended.

Because tourist businesses may affect the use of land as well as the character of existing communities, the developer may have to deal with municipal land use policies or zoning bylaws.

From the above it is evident that tourism operates in a regulatory context which is more varied and diversified than many other businesses. Consequently, to bring a successful proposal through to implementation requires:

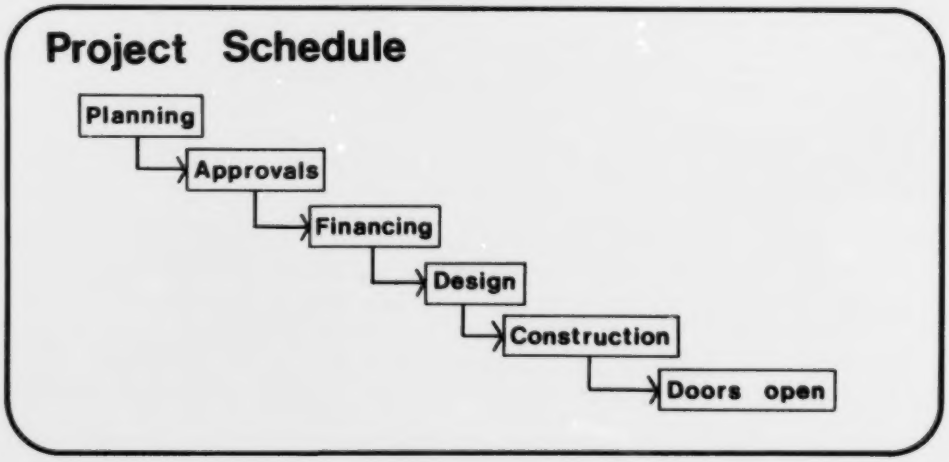
- **thorough familiarity with the requirements and timing of each procedure**, and
- **early identification of all regulations and processes which affect a particular project.**

Fortunately, there is considerable assistance available to guide the developer through what may at first seem a daunting or confusing situation. Government officials are most helpful in providing information and advice. Often, several procedures can occur parallel to each other, thus avoiding undue delays. And, fortunately, **going through the necessary steps may reveal some critical aspects of the proposed development which might otherwise be ignored.**

On the other hand, failure to anticipate regulatory requirements could result in critical delays and premature cash outlays by the developer. Either of these situations could lead to the failure of the project before it really has the opportunity to get started.

The important thing is to anticipate all regulatory procedures, to allow sufficient time for completion and to prepare thoroughly for them.

The next chapter introduces the more common procedures which a developer is likely to encounter within the overall development process, and provides some principles for successfully dealing with these steps. Chapters Six to Ten provide greater step-by-step detail for each identified element of the development process.



Chapter Five

Steps in the Development Process

Having defined and planned all aspects of the tourism project, the next steps are to take the proposal through the required stages of the development process. Two major principles which are essential to success are:

- **secure local support**, and
- **put it in writing.**

The advantages of following these two principles will far outweigh any additional costs or time incurred.

The Importance of Local Support and Good Public Relations

Too many potentially sound tourism business operations have failed to move past the planning or approvals stage because of factors other than financial viability or local impact.

Such developments may have ground to a halt because of strong local opposition arising from perceived negative effects, such as disruption of cottagers or outdoor recreation activities. Alternately, initial public announcements may have included unrealistic promises and expectations of benefits, or disregarded issues considered to be important locally.

Local support and "good neighbour" relations may not be absolutely essential for profitability and success of tourism operations. However, **a proposed development which has local support and maintains open, honest communication with local government, business and residents is more likely to receive approvals and operate successfully in the future.**

Saskatchewan Tourism and Small Business can discuss with interested developers how good communications and relations with the local public have been achieved in the past.

Put it in Writing

The chances of proceeding successfully and reasonably quickly through the development process are going to be improved very considerably by thorough documentation.

Decision makers are likely to react much more positively when all information is supplied, problems are anticipated, and intentions are clearly stated.

The preparation of a sound, well documented proposal outlining the development concept as described in Chapters Two and Three will be invaluable in bringing the project through to implementation. This should include economic issues such as jobs, taxes and other government concerns.

The Development Process

This section describes the various types of development approvals which are common in Saskatchewan currently, along with the circumstances which would require each approval process. Because Saskatchewan Tourism and Small Business is familiar with these procedures, it may be advisable to establish contact with departmental officials at the start and maintain contact throughout.

Generally, **the development process involves a number of separate but inter-related areas which may be encountered on almost all types of development**. Once again, it may be an advantage to use the services of private consultants, especially if it is a major, complex project. **In all cases, it is advisable to consult all agencies as early as possible to determine which procedures must be followed and the time required for each.**

The following steps outline the development process:

Municipal Planning Considerations:

- municipal statutory plans
- zoning bylaws and development/building permits

The local municipality should be contacted initially to determine how the proposal fits into municipal plans, policies and bylaws.

Subdivision and Servicing Considerations:

- land subdivision approval
- servicing agreements

An early meeting with the municipal administrator and with representatives of the Community Planning Services Branches of Saskatchewan Rural Development or Saskatchewan Urban Affairs will identify the requirements of this part of the development process. The municipal Economic Development Officer, if the municipality has one, will also provide advice and assistance.

Environmental and Resource Considerations:

- environmental impact
- fisheries and wildlife habitat
- flood risk
- reservoir development areas

The appropriate officials to contact in the field are the local Resource Officer of Saskatchewan Parks and Renewable Resources and the regional office of the Saskatchewan Water Corporation. If environmental concerns are evident, contact the Coordination and Assessment Branch of Saskatchewan Environment.

Public Health, Servicing and Liquor Licensing

- water supply and distribution
- liquid and solid waste disposal
- food, liquor and accommodation regulations
- liquor licensing

The Regional Health Officer of Saskatchewan Health and the regional offices of the Saskatchewan Water Corporation should be contacted at the start with respect to public health and servicing considerations. The Saskatchewan Liquor Licensing Commission will provide information regarding liquor licence requirements.

Access

- provincial highways

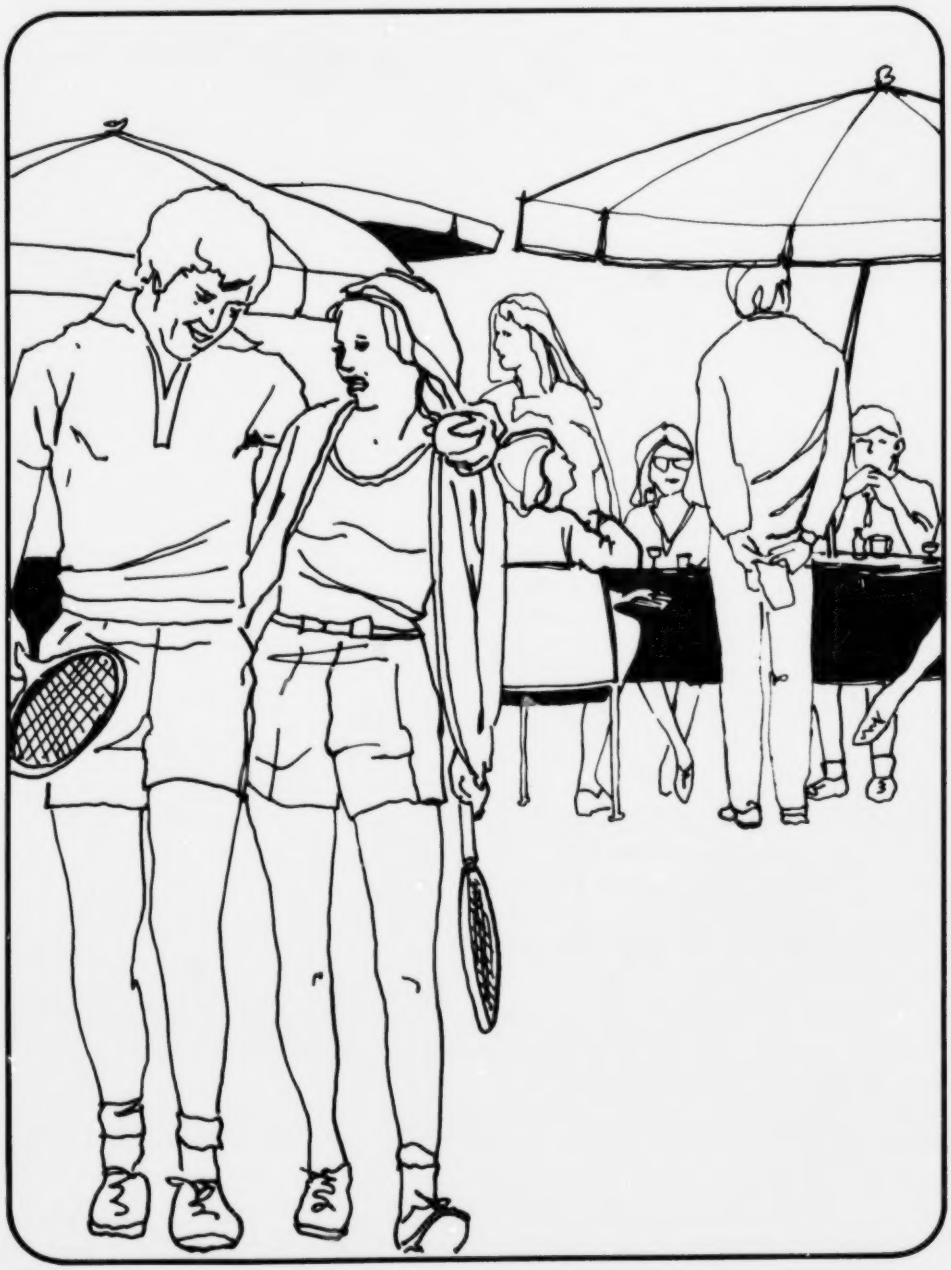
The District Engineer's office of Saskatchewan Highways and Transportation should be contacted if access is required from a provincial highway.

Special Cases:

- lease or acquisition of Crown Land
- development within Provincial Parks

Situations where Crown land is proposed to be leased or acquired are special cases. Such situations require contact with Saskatchewan Tourism and Small Business as well as Saskatchewan Parks and Renewable Resources. Where an opportunity for development within a Provincial Park is identified, Saskatchewan Parks and Renewable Resources is the appropriate agency for initial contact.

Each of the above will be discussed in subsequent chapters.



Chapter Six

Municipal Planning Considerations

This element of the development process is one of the most critical. **Municipal planning policies and regulations can have a very significant effect upon a tourism proposal**, especially larger projects. Consequently, an early meeting with local municipal officials is essential. It will help determine the general municipal attitude towards the proposal. Generally, the municipal administrator will advise on the procedures, timing and approvals of the municipal council. Contact with the community's Economic Development Officer will also be useful.

Several specific questions should be addressed. They are as follows:

- Does the municipality have a statutory plan, that is, a **Development Plan** or **Basic Planning Statement**? If so, does the proposal conform to the plan? If not, what information will be required for the municipality to consider an amendment?
- Does the proposal conform to the municipal **zoning bylaw**? If not, what are the criteria and requirements for amendment?
- If the proposal conforms to zoning, what are the requirements for obtaining a **development permit** and a **building permit**?
- Is **subdivision approval** required and, if so, under what conditions? What is municipal policy on Public Reserve dedication?
- If subdivision approval is required, does the municipality require a **servicing agreement**? What conditions must be met under the servicing agreement?
- What **other concerns** does the municipality have?

A few points should be noted with regard to the above to help understand municipal and provincial planning processes:

- Only a minority of municipalities have statutory plans.
- Most urban and many rural municipalities have zoning bylaws.
- Statutory plan amendments are likely to be required in a minority of cases, usually involving larger projects.
- Subdivision approval, statutory plan amendments and zoning amendments are processes which can run in parallel.
- Development permits will be required in all municipalities having a zoning bylaw.

- Subdivision approval is issued from provincial offices, but requires support of the municipality.

The discussion in this chapter and the next deals with the various municipal and provincial land use planning procedures in greater detail.

Municipal Statutory Plans

A small but increasing number of municipalities, both urban and rural, have adopted statutory plans containing broad policies or guidelines for the use of land. These are known either as **Development Plans** or **Basic Planning Statements.**

The first step of the development process at the municipal level is to determine whether the municipality has a statutory plan in place and, if so, whether the proposed development is compatible with its policies and guidelines.

If the municipality has a statutory plan, the proposal must conform to the land use policies discussed therein. If this is the case, then the next step is to check the proposal for conformity with current zoning regulations, as discussed in the next section.

However, if the proposal does not fit the municipal statutory plan, the next question is whether or not the municipality is prepared to make the necessary amendments. As the plans are based on considerable information and analysis by the municipality, the responsibility rests with the developer to provide information on the rationale, justification and benefits of the development. At this point, a great deal of patience, diplomacy and willingness to address specific municipal concerns may be needed. As suggested earlier, **it may be advisable to prepare clear written documentation of the physical, environmental, economic and financial implications of the proposal.**

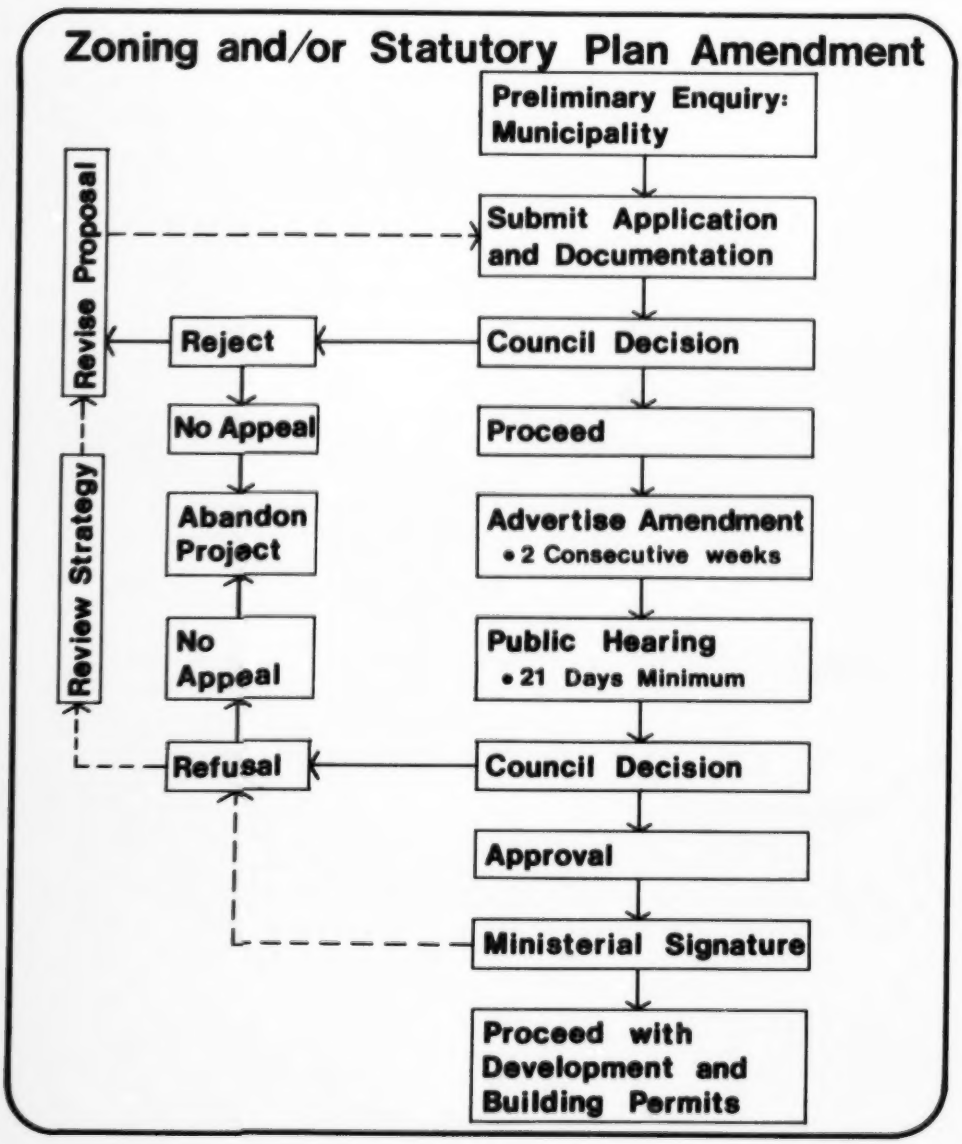
The process of amending a statutory plan comprises the following steps:

- submission of application,
- municipal decision to proceed,
- preparation of notice by municipal staff,
- advertising - two consecutive weeks in local paper,
- public meeting - not less than three weeks later,
- decision by municipal Council,
- Ministerial signature.

This process, especially the public meeting, is the point at which the proposal is most visible to public scrutiny. **Thorough documentation of all issues and good public relations will facilitate timely and successful completion of this phase of the development process.**

Other considerations regarding amendments to statutory plans are:

- timing - minimum of two months,
- no formal appeal channel if application is turned down,
- developer usually pays advertising costs.



Zoning Bylaw/Development and Building Permits

Zoning Bylaws are detailed municipal land use controls which specify land use zones, permitted uses, and development standards. **Development Permits** are issued by municipalities to signify conformity to the zoning bylaw before any construction proceeds. A **Building Permit** is usually required to signify conformity with the building code.

As stated earlier, **Development and Building Permits are required for virtually all types of tourism development**. Often, Development and Building Permits are issued at the same time, although procedures vary from municipality to municipality. Generally, this is a straightforward procedure involving submission of an application form, a site plan and building plans to the municipality. Approval is likely to be a matter of weeks rather than months.

If the proposal does not conform to the zoning bylaw, the municipality may be prepared to consider a **zoning amendment**. Zoning amendment procedures are established by provincial statute. The major features are:

- process similar to statutory plan amendment,
- two months minimum time,
- advertising and public meeting required,
- developer usually pays advertising cost,
- no formal appeal to Council decision,
- can run concurrently with statutory plan amendment, and/or subdivision approvals.

Again, while municipalities usually support sound development proposals, the **responsibility remains with the developer to demonstrate the social, environmental and economic benefits to the community.**

To summarize, **the significance of the municipality's role in the development process cannot be over-emphasized.**

Chapter Seven

Subdivision Approval and Servicing Agreements

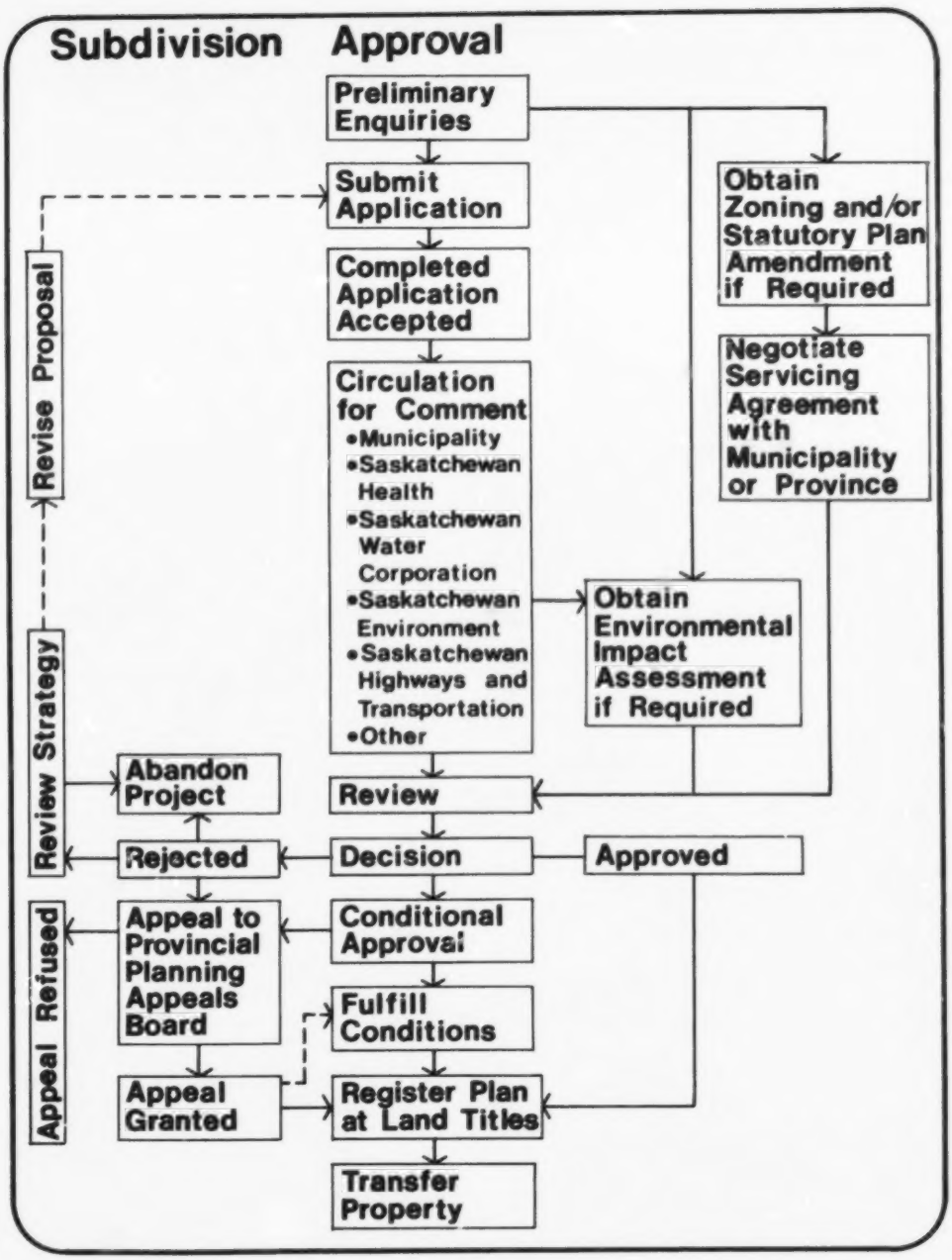
Subdivision

Subdivision of land involves the creation of two or more legal parcels of land along with rights-of-way and Public Reserve parcels. This is one of the more common procedures within the development process.

Major points to be noted with regard to subdivision approval are:

- Application is made to the Community Planning Services Branch of Saskatchewan Rural Development or Saskatchewan Urban Affairs, or to the Planning Departments in the Cities of Regina, Saskatoon, and Prince Albert.
- Guidebooks, application forms, and advisory services are available at the respective offices.
- The proposed plan of subdivision must be prepared by a professional planner or licensed surveyor.
- Essential information to be supplied includes servicing proposals, environmental conditions and relationships to the surrounding area.
- Generally, servicing agreements are required by the municipality prior to subdivision approval.
- The process can run concurrently with rezoning, if necessary.
- Generally, there is a ninety day time frame for decision.
- The decision can be appealed to the Provincial Planning Appeals Board.

In the course of this procedure, the application is circulated to other government departments which would have an interest in or be affected by the proposal. In this way the requirements for an Environmental Impact Statement, for example, would be determined, as discussed in Chapter Eight.


Subdivision Approval
Preliminary Enquiries
Submit Application
Completed Application Accepted
Circulation for Comment
•Municipality
•Saskatchewan Health
•Saskatchewan Water Corporation
•Saskatchewan Environment
•Saskatchewan Highways and Transportation
•Other
Obtain Zoning and/or Statutory Plan Amendment if Required
Negotiate Servicing Agreement with Municipality or Province
Obtain Environmental Impact Assessment if Required
Revise Proposal
Review Strategy
Abandon Project
Review
Rejected
Decision
Approved
Appeal Refused
Appeal to Provincial Planning Appeals Board
Conditional Approval
Fulfill Conditions
Appeal Granted
Register Plan at Land Titles
Transfer Property

Servicing Agreement

Generally, subdivision approval requires a signed servicing agreement with the local municipality before approval is granted. Such an agreement is a legal contract between developer and municipality to establish responsibility for both on-site and off-site development costs. The agreement is usually required by the municipality before subdivision approval is granted by the province. **Because of its financial implications, the servicing agreement is one of the most important steps of the development process and should be anticipated in the initial phases of the development program**, as discussed in Chapter Two.

The developer should consider the following factors in anticipation of signing a servicing agreement:

- Generally, the developer pays for all on-site and a share of off-site services.
- On-site services in a subdivision include: roads, utilities, water lines, sewer lines, drainage, street lighting, park or Public Reserve development.
- Off-site services may include extensions of roads, utility lines, water lines, sewage lines, or other services.
- A municipality may require payment of development levies for off-site improvements attributable to the subdivision.
- The servicing agreement usually specifies the development standards for all improvements.
- The developer usually maintains all services for an interim period before municipal takeover. If this is the case, these costs should be considered in preparing the pro forma cash flow statements as part of the business plan.
- A servicing agreement is only required for subdivision approval, not for rezoning (except in special circumstances).

To repeat, **the servicing agreement required can have significant financial implications for the developer**. The responsibility for on-site and off-site services should be determined as soon as possible in planning the physical development.

For this reason, **the developer should pay particular attention to the servicing agreement starting at the initial stages of the development process.**

Chapter Eight

Environmental and Resource Considerations

Many tourism developments involve or affect use of both land and water resources, such as water, fisheries and wildlife. Taking these into consideration involves working with the officials responsible for several processes.

Environmental Impact

An Environmental Impact Assessment program has been established to protect Saskatchenwan's environmental resources from adverse effects. The program involves the review and evaluation of all development proposals for potential environmental concerns. Where such concerns are present, the developer may be required to conduct an **Environmental Impact Assessment (E.I.A.)** by preparing an **Environmental Impact Statement(E.I.S.).**

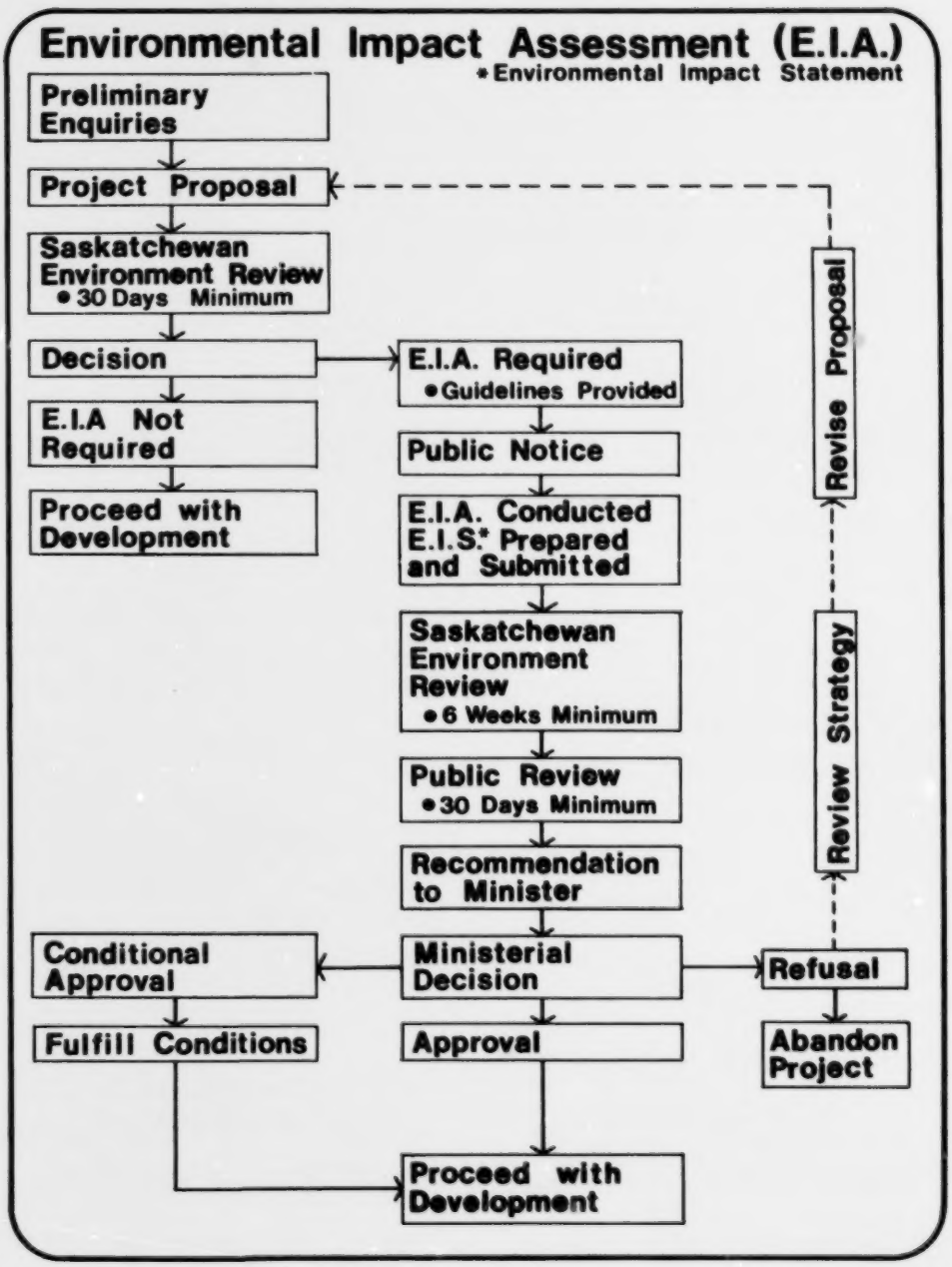
In order to determine whether or not an Environmental Impact Assessment is required, the developer should submit a project proposal to the Co-ordination and Assessment Branch of Saskatchewan Environment at an early stage. This proposal could well be the same document used to support applications to other agencies.

Following the review of the project proposal, the developer will be advised whether or not to prepare an Environmental Impact Statement. **If an Environmental Impact Statement is requested, guidelines for its preparation will be provided.**

The time frame for the preparation and approval of the Environmental Impact Statement can vary depending on the amount of additional information required. The time required may be as little as three months if well prepared, but could also be considerably longer.

The final decision, made by the Minister of Saskatchewan Environment, determines whether the proposal is environmentally acceptable, conditionally acceptable, or not acceptable at all.

As with many other aspects of the development process, the prospects of successfully dealing with this step will be increased if the developer supplies as much information about the development as possible at the start. **Early contact with the Co-ordination and Assessment Branch of Saskatchewan Environment is recommended.**


Environmental Impact Assessment (E.I.A.)
*Environmental Impact Statement
Preliminary Enquiries
Project Proposal
Saskatchewan Environment Review
• 30 Days Minimum
Decision
E.I.A. Required
• Guidelines Provided
E.I.A Not Required
Public Notice
Proceed with Development
E.I.A. Conducted
E.I.S.* Prepared and Submitted
Saskatchewan Environment Review
• 6 Weeks Minimum
Public Review
• 30 Days Minimum
Recommendation to Minister
Conditional Approval
Ministerial Decision
Refusal
Fulfill Conditions
Approval
Abandon Project
Proceed with Development
Revise Proposal
Review Strategy

Fisheries Resources

The managers of Saskatchewan's fisheries are concerned about the conservation and maintenance of our fish populations. For tourism operations which rely on fishing, an assessment of the productivity of a particular lake can be made by the Fisheries Branch of Saskatchewan Parks and Renewable Resources. This assessment includes both the natural productivity of the lake and the needs of other users. The Fisheries Branch will advise on the appropriate size of lodge or camp which can be accommodated on the lake. This will protect the interests of all users of the fisheries resource.

Canada's Fisheries Act has the mandate to protect fish habitat and thus protect the fishery resource. Under the Act, **a Shoreline Alteration Permit is required for any developments such as beaches, docks or marinas**. This permit is available from the local Resource Officer of Saskatchewan Parks and Renewable Resources and may involve some conditions regarding the location, type, or level of development if the proposal could affect fish habitat. The processing time will be a minimum of a week.

Flood Hazard

Developments proposed in high flood risk areas may have difficulty in receiving approvals due to the risk of property damage and the threat to public safety. Developments proposed in areas of lower flood risk could require flood proofing by dyking or landfill, which would increase development costs. **If there is any question about being located in a flood hazard area, the Saskatchewan Water Corporation should be contacted at an early stage.**

Reservoir Development Areas

Reservoir Development Areas have been established to manage shoreland use and development around a number of Saskatchewan's reservoirs. Land use districts or zones have been created around these reservoirs and, if a rezoning is required, Cabinet approval is required and the process may take up to six months.

If rezoning is not required, a Development Permit is needed which may involve a minimum of six weeks, if the municipality and other government departments and agencies are in agreement with the proposal. **The Development Permit is in addition to any permits required under municipal zoning bylaws.**

The Reservoir Development Area program is administered by the Land Protection Branch of Saskatchewan Environment.

Chapter Nine

Public Health, Servicing, Liquor Licensing and Access

If restaurants, accommodation, swimming pools, or water and sewer systems are part of the planned tourism facility, the developer should be aware of a variety of public health regulations and approvals. Generally, these are administered by Saskatchewan Health, the Saskatchewan Water Corporation and Saskatchewan Environment.

Saskatchewan Health

The regional Medical Health Officer administers a variety of regulations affecting:

- hotels and motels,
- tourist accommodation, including rental cabins, campgrounds, trailer courts and tourist camps,
- swimming pools,
- public eating establishments,
- plumbing and drainage.

These regulations specify minimal development standards. Approvals are issued following the submission of the appropriate site and building plans.

The various licences and approvals may not be required until just prior to construction. In some cases, the general contractor for a project will obtain the necessary approvals as part of the construction package.

However, the requirements of the various regulations should be understood and considered from the start of planning and designing the development. Therefore, early contact with the regional Medical Health Officer is advised.

(Note: the Cities of Saskatoon and Regina have their own Health Departments which handle these concerns.)

Shoreland Pollution Control Regulations

These regulations, also administered by Saskatchewan Health, were adopted in 1976 to protect lakes and watercourses from pollution and to ensure safe drinking water in recreational areas. The regulations apply to the disposal of liquid waste for any development within 1500 feet of a lake or watercourse. Information on the effect of these regulations is available from the regional offices of Saskatchewan Health.

Saskatchewan Water Corporation: Water Supply and Waste Disposal

The Saskatchewan Water Corporation acts as the single contact agency for financial assistance and approvals for the construction of water supply, water treatment and liquid waste treatment facilities, except those for private dwellings. This applies both to private and to public or municipal systems.

The Corporation also licenses the withdrawal of water from any lake or body of water to ensure there is an adequate supply and that prior water rights are respected.

Contact with the nearest regional office of the Saskatchewan Water Corporation will clarify the approvals required for public and private sewer and water systems. As with other regulations, approvals may not be required until just before construction. However, **it is prudent to plan ahead to anticipate these approvals and associated requirements as well as any costs which may be involved.**

Saskatchewan Liquor Licensing Commission

The Commission issues licences for the serving of alcoholic beverages after the holding of a local public hearing and a formal review of the application. This process can take at least eight weeks. The Commission requires that a full dining room food service be provided before a liquor licence allowing for beverage service with meals and a cocktail lounge is issued. Hotel operations can receive a licence allowing for these two services plus a separate beverage room. With the exception of privately-owned golf courses, club liquor licences are only issued to organizations established under the Non-profit Corporations Act.

Saskatchewan Highways and Transportation: Access

If additional access is required from a provincial highway or if the development is near a highway, the District Engineer's office of Saskatchewan Highways and Transportation should be contacted regarding any particular concerns or criteria regarding the location of access points, sight lines, setbacks, signage or other matters.

Chapter Ten

Special Cases: Crown Lands or Provincial Parks

Crown Lands Acquisition

Over half of Saskatchewan's lands are in public ownership, most of them in northern Saskatchewan. It is to be expected, therefore, that proposals may be made to acquire Crown lands for tourism developments.

The Saskatchewan Government may consider the sale of certain unoccupied Crown lands to private individuals or corporations according to certain criteria and through a specific process. The program for the sale of Crown land is co-ordinated through Saskatchewan Tourism and Small Business, and administered by the Resource Lands Branch of Saskatchewan Parks and Renewable Resources.

A developer wishing to acquire Crown land for developing a tourism business would initially contact Saskatchewan Tourism and Small Business to determine criteria and requirements for submitting an application. Once the proposal has been prepared, it is forwarded by Saskatchewan Tourism and Small Business to Saskatchewan Parks and Renewable Resources. The proposal is reviewed both internally, within the various branches of Saskatchewan Parks and Renewable Resources, and by other provincial government agencies. The local municipality, if the proposal is located within municipal boundaries, is also contacted.

Following this review process, a decision is made to approve, conditionally approve, or reject the application. The length of elapsed time to complete this will vary, depending on the scale and complexity of the project, the nature of issues involved, and the necessity for obtaining municipal, environmental or other approvals. It is unlikely to be less than three months and may take a year or longer.

If approval has been received, or if all conditions of conditional approval have been met, the actual acquisition of land is achieved through a Cabinet Order-in-Council and the subdivision approval process, along with the signing of a servicing agreement (see Chapter Seven). The value of the land is established by thorough market appraisals.

The minimum time needed to complete this second phase is sixty days, but it could be longer. In special cases, tenders may be called for the same project, extending the time for project approval somewhat further.

Land purchased from the Crown is subject to all land use, environmental, resource and other policies and procedures presented in Chapters Six to Nine of this handbook. To a certain extent, the required procedures can be undertaken at the same time as the review process conducted by Parks and Renewable Resources. The required processes will vary from project to project, and it is essential to get sound information and good advice before any commitments are made.

To summarize, **if acquisition of Crown land for tourism business development is being considered, early contact with Saskatchewan Tourism and Small Business is essential to determine the application requirements, which Crown lands are excluded from sale, other processes which may be involved and the estimated length of time to complete the project.**

Private Investment in Provincial Parks

Saskatchewan's Provincial Parks present certain opportunities for tourism business developments. **Land within Provincial Parks is not for sale.** However, leases for businesses within Provincial Parks may be issued, under certain conditions and criteria relating to the overall Parks Classification System and the Management Plans for individual parks.

Applications for commercial leases may be either solicited or unsolicited. **Solicited applications** are made in response to specific projects identified and publicly tendered by the government. **Unsolicited proposals** are generally initiated by private developers.

The process for placing an unsolicited application for a commercial lease in a Provincial Park includes the following steps:

- an initial inquiry to Saskatchewan Parks and Renewable Resources or Saskatchewan Tourism and Small Business,
- the submission of a completed application to Saskatchewan Parks and Renewable Resources,
- an internal review by the Private Investment Committee,
- the decision of the Private Investment Committee may be for approval, rejection, or public tendering as in the case of solicited proposals.

If the application is **approved** by the Private Investment Committee, the next steps are to work out design details and to negotiate a **development agreement, a commercial lease agreement and an operating contract** with the Commercial Operations Division of Saskatchewan Parks and Renewable Resources.

This first stage will probably take an average of 60 to 90 days, depending on the scale and complexity of the project.

For solicited proposals, public tenders will be advertised describing the opportunity, lease conditions and other implications. In this instance, Saskatchewan Tourism and Small Business co-ordinates the tendering procedure, and evaluates the proposals on behalf of the Private Investment Committee. The tendering procedure may take an additional 90 days or longer.

The successful applicant will then complete a detailed site plan and negotiate a development agreement and lease agreement as described above. In addition to entering into servicing and operating agreements with Saskatchewan Parks and Renewable Resources, commercial operations in Provincial Parks are subject to all public health and environmental regulations. However, Provincial Parks are outside of municipal jurisdiction and hence are not affected by statutory plans or zoning bylaws.

Once again, **if investment in Provincial Parks is being considered, early contact with both Saskatchewan Tourism and Small Business and Saskatchewan Parks and Renewable Resources is important to define the project and determine how it may fit within government policies and guidelines.**

Chapter Eleven

Summary

Developing a tourism business involves a logical series of steps over varying lengths of time. **The chances of success for the business are improved substantially if the broad planning framework presented in this guide is followed.** The steps in this development process are:

- take a preliminary look at the market,
- analyze the resource base,
- define the extent of the project: land, buildings, facilities,
- evaluate the market, analyze the financial aspects and prepare a business plan, and
- take the project through the approvals process.

Throughout this guide, a number of basic principles have been emphasized as the keys to successfully completing the tourism development process.

- **Identify all regulatory requirements at the outset and allow sufficient time for completion of all processes.**
- **Document, in writing, all aspects of the proposed development, and emphasize the positive features.**
- **Make the best use of government assistance and advice wherever possible; government officials will do their best to be co-operative and helpful.**
- **Recognize, however, that the responsibility for providing all required information rests with the developer.**
- **Realize that the development process, from the initial idea through to business startup, may take a considerable length of time depending on the size and complexity of the project: for small projects (under $.5 million) six months to a year, medium projects ($.5 million - 3 million) up to 1.5 years, and large projects (over $3 million) up to 2.5 years.**
- **Maintain contact with Saskatchewan Tourism and Small Business throughout the process.**
- **Recognize the importance of good public relations, with positive contact at both the municipal and provincial level.**

Attention to these principles will make the development process easier, more enjoyable and more likely to succeed.

Recommended Reading

Saskatchewan Tourism and Small Business Publications

Bibliography of Kinds of Business Publication, 1985. (includes sections on accommodation and food services)

Tourism Development Policy for Crown Land, 1985. (brochure)

Starting a Business in Saskatchewan, 1984. (handbook)

Management Series (a series of brochures to aid business in financial management, marketing, etc.)

Canadian Government Office of Tourism Publications

Tourism is Your Business: A Financial Management Program for Canada's Lodging Industry, 1983.

Planning Seasonal Tourist Accommodations: Four Design Alternatives, 1979.

The Inn Business, 1982.

Planning Canadian Campgrounds, 1980.

Design in Tourism, Restaurants, 1979.

Other Recommended Sources

(generally available through public library and provincial library systems)

Hotel and Motel Management and Operations, W. Gray and S. Liquori, Prentice-Hall Canada Inc., 1980.

Marketing Hotels into the 90's, Melvyn Greene, Avi Publishing Co. Inc., 1984.

Hotelsmanship: A Guide to Hospitality Industry Marketing and Management, T. R. Nathan, Institute for Business Planning, 1982.

The Restaurant Manager's Handbook, Douglas Brown, Atlantic Publishing Co., 1983.

How to Run a Successful Restaurant, William Siegel, John Wiley, 1980.

Saskatchewan Government Regulations Affecting Tourism Development

Community Planning Handbook, Saskatchewan Urban Affairs, Saskatchewan Rural Development.
This booklet deals with subdivision of land, zoning bylaws, development appeals, and statutory plans. Addresses of Community Planning Branch offices are included.

Zoning Handbook, Saskatchewan Urban Affairs, Saskatchewan Rural Development.
Procedures for preparing, administering and amending zoning bylaws. Intended for municipalities, but useful for developers as well.

Planning Work Near Water? Fisheries and Environment Canada.
This brochure is available at offices of Saskatchewan Parks and Renewable Resources. It discusses Canada's Fisheries Habitat protection laws.

Lakes Alive, Saskatchewan Health.
This brochure describes the 1976 Shoreland Pollution Control Regulations. Addresses of the Community Health offices are listed as well.

Public Health Regulations, under The Public Health Act.
1063/69 - The Tourist Accommodation Regulations
1573/66 - The Public Eating Establishment Regulations
1131/64 - The Sanitation Regulations
884/70 - Regulations Governing... Public Hotels and Motels
390/76 - The Shoreland Pollution Control Regulations

Saskatchewan Labour: The Labour Standards Branch administers and monitors provincial labour laws which provide for certain minimum and special conditions of employment (such as overtime, averaging hours of work for seasonal employees, and night work for female employees).

Government Assistance Programs to Saskatchewan Tourism Development

Employee Training

- **Saskatchewan Employment Development Agency**: programs which may cover training costs plus wage subsidies for young people;
- **Employment and Immigration Canada**: programs which may cover part of, or all, costs of training.

Potential Government Assistance

- **Canada-Saskatchewan Tourism Agreement**: funding assistance toward study and initial capital costs for eligible projects which show strong indications of commercial viability and significant economic benefits to Saskatchewan and Canada;
- **Saskatchewan Venture Capital Program**: provides tax incentives to individuals and groups to invest in eligible small business (including tourism) projects in Saskatchewan;
- **Saskatchewan Small Business Interest Reduction Program**: assists eligible businesses by providing reduced interest for business loans;
- **Provincial Indian Economic Development Program**: study and capital funding assistance for tourism projects involving Status Indians;
- **Special Agricultural and Regional Development Act (Special ARDA)**: study and initial or working capital funding for tourism projects which are either majority-owned by, or which employ a majority of, people of Indian ancestry;
- **Northern Saskatchewan Revolving Fund**: capital or operating loans to tourism businesses located in northern Saskatchewan;
- **Northern Economic Development Subsidiary Agreement (NEDSA)**: study and initial or working capital funding for tourism projects in northern Saskatchewan.